




THIRTY-NINTH

ANNUAL REPORT 1959

ROYALITE OIL COMPANY, LIMITED



Digitized by the Internet Archive
in 2024 with funding from
University of Alberta Library

https://archive.org/details/Roya1785_1959



ROYALITE OIL COMPANY, LIMITED

DIRECTORS

ALLAN BRONFMAN
SAMUEL BRONFMAN
R. J. DINNING
GORDON B. GRANT
CHARLES HAY
J. HOWARD KELLY, Q.C.
W. C. MAINWARING, O.B.E.
S. E. NIXON
C. A. STOLLERY
R. L. THOMPSON
J. W. WHITAKER

LEGAL COUNSEL E. J. CHAMBERS, Q.C.
Calgary, Alberta

AUDITORS PRICE WATERHOUSE & CO.
Calgary, Alberta

OFFICERS

CHARLES HAY
President
D. J. MORRISON, C.A.
Treasurer
J. W. WHITAKER
Secretary
R. C. CONDON
Executive Assistant, Public and Employee
Relations
G. A. CONNELL
Manager, Engineering and Economics
Department
J. A. HARVIE
Manager, Exploration and Production
Division
A. E. MEYER
Manager, Refining and Sales Division
J. A. SCOBIE
Controller
R. L. THOMPSON
General Manager of Operations

ADMINISTRATION

ROYALITE BUILDING, CALGARY, ALBERTA

The Annual General Meeting of the Shareholders
will be held at the Head Office of the Company
at 11:00 a.m. on Thursday, April 28, 1960.



REVIEW

	1959	1958	1957 *
Operating revenue.....	\$29,513,898	\$29,233,523	\$30,516,001
Net earnings (loss).....	637,681	(1,635,285)	577,964
Working capital.....	7,147,849	2,263,572	2,677,920
Bank loans.....	2,146,000	3,855,000	5,323,000
Property, plant and equipment (net).....	30,732,422	34,982,950	37,884,364
Earnings retained and employed in the business.....	4,433,859	1,207,106	3,082,439

* After retroactive adjustments.

	1959	1958	1957
Crude oil—Company (net).....	1,618,432 bbls.	1,792,494 bbls.	2,310,514 bbls.
Natural gasoline.....	426,812 bbls.	363,946 bbls.	390,628 bbls.
Propane.....	4,345,483 gals.	5,626,281 gals.	5,269,950 gals.
Natural gas sales.....	24,142,406 Mcf.	22,414,795 Mcf.	20,998,251 Mcf.
Refinery throughput.....	3,440,262 bbls.	3,250,735 bbls.	3,968,218 bbls.
Sales of gasoline, heating oil and diesel fuels.....	92,436,000 gals.	80,960,000 gals.	77,144,000 gals.
Number of marketing outlets.....	642	596	549



DIRECTORS' REPORT TO THE SHAREHOLDERS

Net earnings from operations in 1959 amounted to \$637,681. An additional amount of \$2,804,392 realized from the sale of part of the Company's interest in reservations in the Central Alberta Foothills was credited directly to retained earnings and not reflected in net earnings from operations. Working capital increased by \$4,884,277 and at the year end amounted to \$7,147,849. Reasons for these improvements in earnings and working capital are set out in later sections of this report.

Three transactions of major benefit to the Company were completed during the year.

First, negotiations were completed for participation by Imperial Oil Limited in the Company's partnership with Cities Service Company and Richfield Oil Corporation for the research and development of a commercial process for extracting oil from the mineable area of the Athabasca oil sands. Under the new agreement investment in equipment was adjusted. Royalite retains a 10% interest in the project.

Second, the Company acquired a 50% interest in 36 oil wells in Southeast Saskatchewan, \$2,500,000 cash, and a substantial commitment against future exploration expenditures. This was in exchange for a 15% interest (60% of the Company's previous 25% interest) in approximately 1,300,000 acres of reservations in the Central Alberta Foothills. The above commitment provides for the payment of the Company's share of estimated exploration costs on its remaining 10% interest in the reservations during the years 1959 through 1961.

Third, the Company sold its interest in producing properties and related facilities in the Coleville field for \$2,048,787. Decreasing rates of production indicated that substantial investment would be required in the field in order to maintain production and investigate secondary recovery methods. After adjustment of accumulated provisions for amortization and depreciation, no profit or loss was recorded on the sale of the properties.

EARNINGS

Net earnings of \$637,681 compared with a loss of \$1,635,285 in 1958 and the adjusted net profit of \$577,964 reported for 1957. The improvement in earnings was due to several factors. Increased refinery throughput to meet increased sales volumes resulted in lower costs of finished products. A full year's benefit was obtained from operating economies initiated in 1958 and further savings were made during 1959. Emphasis was placed on maximum exploration of Company properties under farmout agreements to others and unattractive acreage was surrendered, reducing exploration costs. Provisions for amortization of well costs and depreciation of equipment were reduced by the sale of the Company's interest in the Coleville field

and interest expense was down as a result of repayments of funded debt and bank loans. The following summarizes the improvement in earnings over the previous year:

Net increase of operating revenue less cost of sales and operating expenses.....	\$ 932,475
Savings in exploration costs due to farmout program and reduction of rentals.....	848,868
Net change in provisions for depletion, amortization and depreciation due primarily to sale of Coleville properties.....	467,189
Reduction of interest expense.....	179,425
	<u>\$2,427,957</u>
<i>Less:</i> Increased income tax provision and other changes.....	154,991
NET IMPROVEMENT.....	<u>\$2,272,966</u>

FINANCIAL

Working capital at the end of the year amounted to \$7,147,849, an increase of \$4,884,277. Funds provided from operations amounted to \$5,335,342. After meeting total payments for interest, taxes on income, principal repayments of long-term debt and production loans, additions to property, plant and equipment, and dividends on preferred stock, a balance of \$537,991 from operations was added to working capital. Net cash received from the Foothills and the Coleville sales was \$3,750,544 after repayment of \$798,243 on production loans against the Coleville properties. These funds are being held in time deposits and short-term marketable securities for favourable investment opportunities. The balance of the increase in working capital of \$595,742 was received from the sale of other properties and investment income.

Bank loans were reduced by 45% to \$2,146,000 at the year end. Supplementing the improvement in working capital, funds were provided by reductions in inventories of finished products and materials and supplies.

Earnings retained in the business have increased from \$1,207,106 at the end of 1958 to \$4,433,859. In addition to net earnings of \$637,681 from operations, a profit of \$2,804,392 was credited directly to retained earnings, recording the cash payment and depreciable production equipment of the wells received as part of the consideration from the sale of the 15% interest in the Foothills reservations. Dividends of \$215,320 were paid on the preferred shares.

EXPLORATION AND DEVELOPMENT

During the year the Company participated in the drilling of 27 wells, 12 exploratory and 15 development. Seven wells were completed as oil wells, six as gas wells, eleven abandoned and three wells were drilling at the year end. Increased drilling activity resulted from the farmout program commenced in 1958 with 16 of the wells being drilled by others under farmout agreements during 1959 compared with six wells in the previous year.

One of the exploratory wells resulted in the discovery of oil and gas in separate Cretaceous sands in the Little Bow area of Alberta, some 40 miles northeast of Lethbridge. Follow-up drilling in this area has produced an additional gas well and a dry hole on Company acreage and two gas wells on adjacent acreage. Royalite has a 25% net carried interest in the lands on which the discovery was made.

Five wells were located in the Central Alberta Foothills reservations in which the Company now has a 10% interest. One well was suspended as a potential gas producer, one well was dry, one abandoned because of mechanical problems and two wells are drilling. One additional well has been spudded early in 1960. Expenditures on the Company's behalf for its share of the work during the year were \$355,000.

Assignment of acreage as consideration under farmout agreements and surrender of acreage which was proven unattractive by drilling or by increased knowledge of the areas concerned, reduced the Company's holdings of undeveloped properties to 683,523 acres. Productive leases aggregated 30,731 acres, the decrease from the previous year resulting from the sale of the Coleville properties.

PRODUCTION

Net revenue from crude oil production equalled that of the previous year. Earnings from the interest acquired in wells in the Carnduff, Hastings, Edenvale and Ingoldsby fields in Southeast Saskatchewan exceeded the loss of revenue from heavy crude oil production in the Coleville field. Although the Company's net interest in productive properties was reduced by 125 net wells and consequently the volume of total crude oil production was lower, the loss of this revenue was offset by the higher price of the light crude oil production acquired and the savings in total operating expense.

Production from the Redwater, Stony Plain and Innisfail fields in Alberta increased 13.7% due to higher allowables. However, this increase was offset by production declines in the Turner Valley, Alberta and Southeast Saskatchewan fields and by price decreases in March 1959 averaging 14¢ per barrel in Alberta and 17¢ per barrel in Saskatchewan.

At the end of the year, the Company was operating 195 oil wells and 61 gas wells and owned interests in 69 oil wells and 97 gas wells operated by others. Net interest owned by the Company was equivalent to 139.0 oil wells and 77.9 gas wells. Since the end of the year, the Company has participated in one additional oil well. Progress is being made on the development of several secondary recovery programs of importance to the Company.

Company net crude oil production in 1959 was 1,618,432 barrels compared with 1,792,494 barrels in the previous year.

Natural gas production was 13,410,000 Mcf., an increase from 10,981,000 Mcf. in 1958. Gas deliveries to Westcoast Transmission pipeline from the Gordondale field were substantially higher and deliveries were commenced to Trans-Canada pipeline from the Sibbald, Alberta, and Steelman, Saskatchewan fields.

Crude oil and condensate, natural gas liquids and natural gas reserves as at December 31, 1959 were calculated by Company engineers as follows:

	Proved Developed	Proved Undeveloped	Total Proved
Crude oil and condensate (millions of bbls.).....	30.9	1.3	32.2
Natural gas liquids (millions of bbls.).....	10.1	.4	10.5
Natural gas (billions of cubic feet).....	260.6	61.5	322.1

PLANTS

Company plants in Turner Valley processed 19.4 billion cubic feet of gas. This was a 10% increase due to higher consumer demand for natural gas resulting from increased growth in the market area and lower average temperatures during the year. Sales of residue dry gas to the consumer market were 17.3 billion cubic feet compared with 15.6 billion cubic feet in 1958. Due to the higher gas throughput, recovery of absorption gasoline increased to 426,812 barrels compared with 363,946 barrels in 1958. However, propane recovery was down from 160,751 barrels to 124,156 barrels because of increased competition from new sources of supply for the available market. Sulphur recovery was 9,284 long tons.

SUPPLY AND TRANSPORTATION

The Company handled 8,575,000 barrels of crude oil during the year. Company refineries used 3,440,262 barrels; the balance was sold to others.

The Company operated two wholly owned and one 80% interest crude pipeline systems during the year, comprising 186 miles of transmission lines and 89 miles of gathering systems. A total of 6,074,943 barrels of crude oil and absorption gasoline was handled by these pipeline systems.

REFINING

Total crude oil processed in Company refineries during 1959 was 3,440,262 barrels compared with 3,250,735 barrels during 1958. Throughput of the Kamloops and Saskatoon refineries increased by 552,529 barrels as shown by the table below. This increase more than offset the effect of suspending operations of the Coleville and Prince Albert refineries.

	Crude Throughput	1959 Days Operated	Barrels Per Stream Day	Crude Throughput	1958 Days Operated	Barrels Per Stream Day	Increased Throughput
Kamloops.....	1,180,623	307	3,846	1,081,581	312	3,467	99,042
Saskatoon.....	2,171,990	317	6,851	1,718,503	320	5,370	453,487
	3,352,613			2,800,084			552,529

During the year, alterations to the Saskatoon refinery increased the capacity from 6,500 to 8,300 barrels per day.

MARKETING

Sales volumes of gasoline, heating oil and diesel fuels through Company outlets were 10% higher in 1959 than in 1958. However, sales margins declined during the year due to localized depressed retail selling prices and highly competitive prices on tendered business. Production of bunker fuel and asphalt was controlled to the volume which could be marketed profitably.

During the year 46 additional marketing outlets were acquired, bringing the total retail and bulk stations to 642 at the end of December 1959. The field and administrative sales staff were reorganized during the year and a continuous staff training program was inaugurated.

OUTLOOK

The growth of the energy requirements in Canada continues to be a well established trend. The petroleum industry, through its ability to deliver to the consumer convenient products at competitive prices, supplies an increasing share of these energy needs and can look forward with confidence to continuing progress. Royalite, with the integrated operations outlined in this report and a staff of able and experienced employees, has the opportunity to increase its participation in the growth of the industry.

To the employees of the Company, the Directors express their appreciation and thanks for the loyalty and the efficient manner in which they have fulfilled their duties throughout the year.

Submitted on behalf of the Board of Directors,

A handwritten signature in dark ink, appearing to read "B. S. Hay". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

President.



CONSOLIDATED BALANCE SHEET AS

ASSETS

CURRENT ASSETS:

	1959	1958
Cash on hand, demand and time deposits.....	\$ 1,995,088	\$ 427,637
Marketable securities, at cost (Market value \$2,630,214).....	2,669,847	177,062
Accounts receivable.....	5,681,047	5,532,261
Construction and mortgages to be refinanced.....	—	115,000
Inventories—Crude oil, at market.....	1,135,908	1,175,349
Products.....	1,900,729	2,213,991
Materials and supplies, at cost.....	871,980	1,126,810
Prepaid expenses.....	270,559	315,597
	<u>\$14,525,158</u>	<u>\$11,083,707</u>

OTHER ASSETS:

Mortgages, deferred accounts receivable and sundry investments, at cost.....	\$ 924,982	\$ 941,090
--	------------	------------

PROPERTY, PLANT AND EQUIPMENT, at cost:

Land, leases and drilling costs.....	\$26,942,469	\$30,509,816
Less—Accumulated depletion and amortization.....	(12,119,192)	(13,787,482)
Bituminous sands project.....	1,574,258	1,928,225
Plant and equipment.....	34,903,205	37,210,252
Less—Accumulated depreciation.....	(20,568,318)	(20,877,861)
	<u>\$30,732,422</u>	<u>\$34,982,950</u>
Less—Balance of development costs financed by production assignments.....	902,998	1,981,373
	<u>\$29,829,424</u>	<u>\$33,001,577</u>

DEFERRED CHARGES:

Unamortized expense on long term debt.....	\$ 133,076	\$ 141,995
--	------------	------------

NET EXCESS OF INVESTMENT IN SUBSIDIARIES



over values assigned to their net tangible assets.....	\$ 1,955,158	\$ 1,955,158
--	--------------	--------------

See Notes to Financial Statements

\$47,367,798 \$47,123,527

AT DECEMBER 31, 1959 (with comparative balances for 1958)

LIABILITIES

CURRENT LIABILITIES:	1959	1958
Bank loans (secured).....	\$ 2,146,000	\$ 3,855,000
Other bank indebtedness.....	—	155,309
Accounts payable and accrued	2,736,922	2,535,970
Dividend payable.....	53,830	53,830
Interest accrued on long term debt.....	146,438	158,543
Income and other taxes.....	749,119	516,483
Long term debt due within one year.....	<u>1,545,000</u>	<u>1,545,000</u>
	\$ 7,377,309	\$ 8,820,135
LONG TERM DEBT, per accompanying statement	\$25,185,000	\$26,730,000
Less—Payments due within one year.....	<u>1,545,000</u>	<u>1,545,000</u>
	\$23,640,000	\$25,185,000
MINORITY SHAREHOLDERS' INTEREST IN A SUBSIDIARY	\$ 77,765	\$ 72,421
SHAREHOLDERS' OWNERSHIP:		
Capital stock—		
Preferred shares of a par value of \$25 each—400,000 shares authorized		
Outstanding—164,053 shares (of 200,000 originally issued), designated as 5¼ %		
Cumulative Redeemable Convertible Preferred Shares, First Series.....	\$ 4,101,325	\$ 4,101,325
Common shares of no par value—4,000,000 shares authorized		
Issued—2,952,342 shares.....	<u>7,737,540</u>	<u>7,737,540</u>
	\$11,838,865	\$11,838,865
Earnings retained and employed in the business, per accompanying statement.....	<u>4,433,859</u>	<u>1,207,106</u>
	\$16,272,724	\$13,045,971
SIGNED ON BEHALF OF THE BOARD:		
 Director.		
 Director.	<u>\$47,367,798</u>	<u>\$47,123,527</u>

Statement of CONSOLIDATED INCOME

FOR THE YEAR ENDED DECEMBER 31, 1959
(with comparative amounts for 1958)

	1959	1958
OPERATING REVENUE.....	\$29,513,898	\$29,233,523
Cost of products, selling and administrative expenses.....	\$23,579,536	\$24,231,636
Leasing, geological and geophysical expenses and dry hole costs ..	817,415	1,666,283
	<u>\$24,396,951</u>	<u>\$25,897,919</u>
	\$ 5,116,947	\$ 3,335,604
Provision for depletion, amortization and depreciation	2,590,191	3,057,380
	<u>\$ 2,526,756</u>	<u>\$ 278,224</u>
Investment income.....	93,716	54,358
Profit on disposal of fixed assets ..	18,040	43,854
	<u>\$ 2,638,512</u>	<u>\$ 376,436</u>
Interest on long term debt.....	\$ 1,222,068	\$ 1,292,800
Other interest expense.....	245,423	354,116
Minority shareholders' interest in profits of a subsidiary.....	15,340	11,805
	<u>\$ 1,482,831</u>	<u>\$ 1,658,721</u>
	\$ 1,155,681	\$ (1,282,285)
Provision for taxes on income....	518,000	353,000
NET EARNINGS (Loss in 1958)	<u>\$ 637,681</u>	<u>\$ (1,635,285)</u>



Statement of CONSOLIDATED RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1959

Earnings retained and employed in the business
at December 31, 1958..... \$1,207,106

Add:

Net earnings for 1959..... 637,681
Sale of part interest in Foothills reservations 2,804,392
\$4,649,179

Deduct:

Dividends on preferred shares. 215,320

Earnings retained and employed in the business
at December 31, 1959..... \$4,433,859

See Notes to Financial Statements

LONG TERM DEBT

	December 31	
	1959	1958
ROYALITE OIL COMPANY, LIMITED		
4¾% Serial Debentures, Series A, \$550,000 maturing annually to December 1, 1965 Authorized and issued \$5,500,000.....	\$ 3,300,000	\$ 3,850,000
4¾% Sinking Fund Debentures, Series B, due December 1, 1975 Authorized and issued \$16,122,000.....	15,122,000	15,372,000
5% Sinking Fund Debentures, Series C, due December 1, 1972 Authorized and issued \$3,378,000.....	2,578,000	2,778,000
Total debentures—\$1,000,000 to be redeemed December 1 each year.....	\$21,000,000	\$22,000,000
ROYALITE HI-WAY LTD.		
First Mortgage Bonds—Authorized \$7,000,000		
4¼% Serial Bonds, Series A, maturing annually in increasing amounts from \$420,000 on January 15, 1960 to \$610,000 on January 15, 1965—Authorized and issued \$4,500,000	3,035,000	3,430,000
SASKATOON PIPE LINE COMPANY LIMITED		
First Mortgage Sinking Fund Bonds—Authorized without fixed limit		
5% Series due June 1, 1972—\$50,000 to be redeemed December 1 each year Authorized and issued \$1,250,000.....	900,000	950,000
MID-SASKATCHEWAN PIPE LINES LTD.		
First Mortgage Serial Bonds—Authorized without fixed limit		
4½% Series A maturing annually in amounts ranging from \$75,000 on June 1, 1960 to \$50,000 on June 1, 1963—Authorized and issued \$650,000.....	250,000	350,000
	<u>\$25,185,000</u>	<u>\$26,730,000</u>

NOTES TO FINANCIAL STATEMENTS

RESTRICTION ON DIVIDENDS: Under the terms of the Company's Trust Indenture, the amount of retained earnings available for the payment of dividends on common stock is restricted to consolidated net earnings since August 31, 1955 plus \$800,000 after deducting dividends declared on preferred shares.

PRODUCTS INVENTORIES: Inventories of products are valued on the basis of market price of crude oil plus transportation and manufacturing costs or at lesser amounts not exceeding total market value.

CAPITAL STOCK: Each outstanding preferred share is entitled to certain premiums on redemption or liquidation and may be converted up to December 31, 1960, to two common shares by making additional cash payments; 328,106 common shares have been reserved for such conversion. There are options outstanding with certain officials of the Company to purchase 38,500 common shares at \$10 per share.

LONG TERM LEASES: Rental obligations of the consolidated companies at December 31, 1959 for buildings and service stations under long term leases amount to \$1,045,000 per annum. The rental revenue expected to be derived from the leasing of such premises approximates \$677,000 per annum.

STATUTORY INFORMATION: Administrative expenses include legal fees, directors' fees and salaries of directors and executive officers amounting to \$133,300 in 1959.



AUDITORS' REPORT

PRICE WATERHOUSE & CO.

444 SEVENTH AVENUE S.W.

CALGARY, ALBERTA

March 11, 1960

To the Shareholders of
ROYALITE OIL COMPANY, LIMITED:

We have examined the consolidated balance sheet of Royalite Oil Company, Limited and subsidiary companies as at December 31, 1959 and the statements of consolidated income and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and statements of consolidated income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at December 31, 1959 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

Chartered Accountants.



SOURCE AND USE OF FUNDS

	1959	1958
FUNDS RECEIVED:		
Operating income before provisions for depletion, amortization and depreciation	\$ 5,116,947	\$ 3,335,604
Add charges to expense not representing a cash outlay		
Leases and wells abandoned.....	218,395	464,957
Funds provided from operations.....	\$ 5,335,342	\$ 3,800,561
Investment income.....	93,716	54,358
Sale of producing properties in the Coleville field.....	2,048,787	—
Cash proceeds from sale of part interest in Foothills reservations.....	2,500,000	—
Sale of securities.....	—	1,409,094
Proceeds of production assignments.....	—	141,000
Sale of fixed assets.....	542,098	759,579
Received from mortgages, deferred accounts receivable and sundry investments.....	106,574	185,286
Total funds received.....	<u>\$10,626,517</u>	<u>\$ 6,349,878</u>
FUNDS USED:		
Additions to property, plant and equipment.....	\$ 771,408	\$ 1,900,276
Repayment of long term debt.....	1,545,000	1,545,000
Paid under production assignments.....	1,078,375	834,592
Interest	1,467,491	1,646,916
Taxes on income.....	518,000	353,000
Investments, mortgage loans and sundry payments.....	146,646	77,220
Dividends on preferred shares.....	215,320	215,320
Dividends on common shares.....	—	191,902
Total funds used.....	<u>\$ 5,742,240</u>	<u>\$ 6,764,226</u>
INCREASE (DECREASE) IN WORKING CAPITAL	4,884,277	(414,348)
WORKING CAPITAL AT BEGINNING OF YEAR.....	2,263,572	2,677,920
WORKING CAPITAL AT END OF YEAR.....	<u>\$ 7,147,849</u>	<u>\$ 2,263,572</u>



COMPARATIVE STATISTICAL SUMMARY

	1959	1958	1957†	1956†	1955†
Operating revenue.....	\$29,513,898	\$29,233,523	\$30,516,001	\$25,794,560	\$23,537,419
Net operating income.....	2,526,756	278,224	2,454,830	2,102,084	1,136,981
Net earnings (loss).....	637,681	(1,635,285)	577,964	435,560	(151,922)
Dividends paid:					
Preferred stock.....	215,320	215,320	217,346	256,616	262,500
Per share.....	\$1.3125	\$1.3125	\$1.3125	\$1.3125	\$1.3125
Common stock.....	—	191,902	766,805	750,544	748,494
Per share.....	—	6.5¢	26.0¢	26.0¢	26.0¢
Working capital.....	7,147,849	2,263,572	2,677,920	5,670,478	9,057,623
Capital expenditures.....	770,134	1,735,283	5,111,964	5,761,334	4,440,236
*Exploration					
Capital expenditures.....	1,274	164,993	501,588	191,536	416,554
Expense.....	817,415	1,666,283	1,451,701	1,799,060	2,714,392
Property, plant and equipment (net).....	30,732,422	34,982,950	37,884,364	36,148,386	34,029,868
Average number of employees.....	730	854	967	870	753
Net acreage held:					
Proven.....	30,731	40,029	39,402	32,413	24,792
Undeveloped.....	683,523	1,071,139	1,396,992	1,736,747	2,011,010
Production:					
Crude oil—Company net (bbls.).....	1,618,432	1,792,494	2,310,514	2,322,940	2,183,216
Natural gasoline (bbls.).....	426,812	363,946	390,628	417,077	419,947
Propane (gals.).....	4,345,483	5,626,281	5,269,950	5,725,811	5,345,590
Sulphur (tons).....	9,284	9,236	11,050	11,640	11,251
Natural gas sales (Mcf.).....	24,142,406	22,414,795	20,998,251	22,239,270	22,965,017
‡ Refinery throughput (bbls.).....	3,440,262	3,250,735	3,968,218	4,187,300	3,765,432
Sales of refined products (gals.).....	120,809,000	127,824,000	144,662,000	155,000,000	138,000,000
Number of marketing outlets.....	642	596	549	457	364

† After retroactive adjustments.

* Work performed by others for Royallite account is excluded.

‡ Includes crude oil processed for others.



OPERATING SUBSIDIARIES

MADISON NATURAL GAS COMPANY LIMITED

operates a gas gathering system and plant for the purification of natural gas in the Turner Valley field of Alberta.

MID-SASKATCHEWAN PIPE LINES LTD.

owns and operates a 35-mile oil pipeline from Smiley, Saskatchewan to Interprovincial Pipe Line, near Ermine, Saskatchewan.

ROYALITE HI-WAY LTD.

owns and operates a 8,300 barrel per day refinery at Saskatoon, Saskatchewan. Markets refined products through outlets in Saskatchewan.

ROYALITE OIL COMPANY INC.

a Corporation of the State of Delaware, operates Royalite's interests in the United States.

SASKATOON PIPE LINE COMPANY LIMITED

owns and operates a 56-mile pipeline from Interprovincial Pipe Line to Saskatoon, Saskatchewan. (80% ownership.)

VALLEY PIPE LINE COMPANY LIMITED

owns and operates a crude oil gathering system and trunk pipelines for the transportation of crude oil and plant products from Turner Valley to Calgary, Alberta.

REGISTRARS

THE ROYAL TRUST COMPANY, Calgary, Alberta; Vancouver, British Columbia; Winnipeg, Manitoba;
Toronto, Ontario; Montreal, Quebec; Halifax, Nova Scotia

EMPIRE TRUST COMPANY, New York City, N.Y., U.S.A.

TRANSFER AGENTS

THE CANADA TRUST COMPANY, Vancouver, British Columbia; Winnipeg, Manitoba; Toronto, Ontario

MONTREAL TRUST COMPANY, Calgary, Alberta; Montreal, Quebec; Halifax, Nova Scotia

THE BANK OF NEW YORK, New York City, N.Y., U.S.A.

DIVIDEND DISBURSING AGENT

THE CANADA TRUST COMPANY, Toronto, Ontario

STOCK EXCHANGE LISTINGS

CALGARY STOCK EXCHANGE, VANCOUVER STOCK EXCHANGE,

TORONTO STOCK EXCHANGE, MONTREAL STOCK EXCHANGE,

AMERICAN STOCK EXCHANGE, New York, U.S.A. (unlisted trading privileges)



THE HALLMARK OF MOTORING SATISFACTION